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## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

March 23, 1984

The President has recently made a number of decisions relating to the export control program under the Export Administration Act (EAA) to insure that there is an appropriate balance between national security and export interests. First, he has decided to grant Defense authority in principle to participate in the Commerce Department's review of distribution licenses that permit multiple shipments of goods to non-communist countries. This review will be carried out in a phased manner and will depend on successful implementation of a Memorandum of Understanding between Defense and Commerce for Defense review of individual validated licenses for West-West trade for selected countries and commodities. Second, the President has also determined that a dual capability to enforce export controls should be maintained in that both the Commerce and Treasury Departments bring important, complementary assets to this important problem. The President has also directed that the two departments vigorously implement the January 16, 1984, Memorandum of Understanding which designates Customs as the agency responsible for liaison with foreign governments in the conduct of export enforcement investigations, with certain specific exceptions. In addition, the two agencies are to engage in a process of more complete information sharing. Finally, the President reaffirmed his opposition to any statutory change relating to Defense review of licensing and to EAA enforcement. As Congress prepares for its Conference on the Export Administration bills, the President hopes that the Conferees will work towards developing a bill that maintains an appropriate balance between national security and export interests.

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Key Elements of President's Decision on DOD Licensing  
Review and EAA Enforcement

DOD Licensing Review Decision

- o The President affirmed the Memorandum of Understanding (MOU) that has been reached between DOD and Commerce on individual validated licenses, providing for Defense review of license applications for twelve countries and seven commodity groups.
- o The President has decided to grant Defense authority in principle to review distribution licenses.
- o At the same time, the President has indicated that the greatest possible care must be taken to establish review arrangements that are efficient and not disruptive to the review process.
- o The Defense review of distribution licenses will be carried out in a phased manner and will depend on successful implementation of the MOU on individual validated licenses.
- o An NSC-chaired Monitoring Committee will be established immediately to set forth criteria to assure administrative efficiency in implementing the MOU and to assure that it is satisfactorily administered.
- o Within three months of successful implementation of the MOU on validated licenses, the Monitoring Committee will recommend a plan and schedule for Defense review of a few carefully preselected commodity lines for one or two countries.
- o After successful completion of the initial phase of distribution licensing review, the Committee will make recommendations for a gradual broadening of Defense review.

EAA Enforcement Issue Decision

- o The President has determined that Commerce and Treasury bring important, complementary assets to the enforcement problem and that a dual enforcement capability should continue.
- o The President has directed vigorous implementation of the January 16, 1984, Memorandum of Understanding (MOU) reached on EAA enforcement between Commerce and Treasury. This designates Customs as the lead agency responsible for liaison with foreign governments in cases under investigation, except for Austria, Belgium, India, Japan, Sweden, and Turkey where the trade ministries are responsible for enforcing export controls.

Current Law:

Defense Review of Licensing

Under Section 10(g) of the current EAA, Defense can review all applications for licenses to export goods or technology to any country to which exports are controlled for national security purposes. In general, only license applications for Warsaw Pact countries and the Peoples Republic of China have been referred to Defense. However, the EAA does not prohibit Defense review of any license application which may be referred from Commerce. The question of expanding Defense review to include shipments to non-Communist destinations results from concerns that tightened controls over direct exports to Communist countries have increased the incentive to divert shipments through friendly countries.

Enforcement

General authority for enforcement is given to any department or agency exercising functions under the EAA. The Department of Commerce has had the basic authority for EAA enforcement since 1949. The Secretary of Commerce, by regulation, has historically authorized the Customs Service (Treasury) to exercise certain enforcement-related functions.

Definition of Terms:

Individual validated licenses

Authorize individual shipments, and are used to control exports to Warsaw Pact countries and exports of sensitive items elsewhere.

Distribution licenses

Authorize multiple shipments of a broad range of commodities for reliable exports to approved overseas consignees in non-Communist countries.

- o The President has instructed that both Commerce and Treasury engage in a process of more complete information sharing.
- o A special monitoring group chaired by NSC will be established to review implementation.

Statutory Change to Existing Law

- o The President reaffirmed his opposition to any statutory change relating to Defense review of licensing and to EAA enforcement.
- o The President views with great concern efforts to radically curtail Presidential authority and discretion in the management and administration of export controls.